

## MAJOR STATE AND LOCAL TAXES

State Taxes	Rate on July 1, 2016	Description
Individual Income Tax	0.36% to 8.98%	<ul style="list-style-type: none"> <li>Tax is imposed on personal net income earned in Iowa. Federal taxes paid are deducted from income. For tax year 2016, the top rate applies to taxable income in excess of \$69,930.</li> </ul>
Sales and Use Tax	6.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the final sale of most goods and enumerated services. Food, prescription drugs, and professional services are the major exceptions. One percent is distributed to local school districts and is dedicated to school infrastructure finance.</li> </ul>
Motor Vehicle Fuel Tax		
Gasoline	\$0.307 per gallon	
Ethanol	\$0.290 per gallon	
Diesel	\$0.325 per gallon	
Biodiesel, B11 or Higher	\$0.295 per gallon	<ul style="list-style-type: none"> <li>Tax is imposed on purchases of various gas and fuel products. Receipts are deposited in the Road Use Tax Fund. B11 refers to diesel fuel blended with biodiesel to a level higher than 10.0% biodiesel.</li> </ul>
Corporate Income Tax	6.00% to 12.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the net income of corporations doing business in Iowa. The top rate applies to taxable income over \$250,000.</li> </ul>
Insurance Premium Tax	1.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the adjusted gross amount of premiums (excluding annuities) of all insurance companies except fraternal beneficiary associations.</li> </ul>
Cigarette Tax	\$1.36 per pack	<ul style="list-style-type: none"> <li>Tax is imposed on the sale of cigarettes.</li> </ul>
Tobacco Tax	50.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the wholesale price of tobacco, excluding tobacco subject to the cigarette tax.</li> </ul>
Franchise Tax	5.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the net income of most types of banks and financial institutions. Credit unions are taxed differently.</li> </ul>
Inheritance Tax	1.00% to 15.00%	<ul style="list-style-type: none"> <li>Tax is imposed on beneficiaries other than lineal descendants. Rates and brackets vary according to the relationship of the beneficiary to the deceased.</li> </ul>
Property Tax	Varies – the residential average rate is approximately 3.50% of taxable valuation (1.95% of assessed value).	<ul style="list-style-type: none"> <li>Tax is imposed on the taxable value of real property, including land and buildings. For FY 2017, residential property is taxed at 55.63% of market value.</li> </ul>
Local Option Sales Tax	1.00%	<ul style="list-style-type: none"> <li>Tax is added to the general state sales tax but not to use tax. The state remits collections to cities and counties.</li> </ul>
Hotel/Motel Tax	Varies – cannot exceed 7.00%.	<ul style="list-style-type: none"> <li>Tax is imposed on the gross receipts of hotel and motel room rentals and disbursed to local governments imposing the tax.</li> </ul>
Individual Income School District Surtax	Varies– cannot exceed 20.00% of state income tax liability.	<ul style="list-style-type: none"> <li>Tax is imposed by school districts on residents' state income tax payments and disbursed to school districts imposing the tax.</li> </ul>